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COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

FIRST COUNTRY REVIEW REPORT FOR KAZAKHSTAN

Note by the Administrator

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INTRODUCTION

1. In accordance with the procedures set forth in the programming manual for the review of country cooperation frameworks (CCFs), a review for Kazakhstan was held from 2 to 15 June 1999. The present report contains a summary of the findings of the review. The findings are grouped by thematic area, for each of which are presented summaries of the conclusions reached by the review team, the corresponding recommendations and the action agreed on by UNDP and the Government. The full text of the review is available in the language of submission upon request to the Executive Board Secretariat.

I. THE NATIONAL CONTEXT

2. Conclusion. The transition process which Kazakhstan is going through has been described by the Government as taking place in three overlapping phases of political, economic and social development involving major adjustment of attitudes, policies and institutions:

(a) Phase one: The establishment of a sovereign State and the necessary institutions of government;

(b) Phase two: Economic stabilization and structural adjustment, accompanied by reform of public and private-sector mechanisms in a move to a free-market economy;

(c) Phase three: The development of longer-term strategic vision and direction. This will help in shifting the focus of development to the more difficult tasks of putting into place the necessary policies and management mechanisms that will ensure the best and most sustainable use of the potentially enormous but not yet realized earnings from the country's natural resource base. The significant constraints and problems that exist must be overcome.

3. Given the very limited resources at its disposal, UNDP support and that of the United Nations system in general have effectively matched the broad needs of the country as they have emerged during these three phases. The current trends in the country situation, coupled with the country review mission's observations of the actual implementation of the programme set forth in the CCF approved by the Executive Board at its first regular session 1997, more than validate its continued relevance and impact. Further, the marked increase in the degree of partnership, particularly on a broad range of strategic issues of social development and of good governance, bears witness to a highly effective state of relations between UNDP and the Government.

4. Recommendations. Kazakhstan possesses human resources with a relatively high level of education and skills, which, through a combination of experience and exposure to best practices from elsewhere, bode well for the potential of the country to make the necessary adjustment to modern management practices. In this vein, while moving towards fuller use of national execution in the management of the programme, it is important for the Government to continue to make full use of the capacities of UNDP to provide access to high-level, short-term expertise and best practices from elsewhere in the world.

5. In order for Kazakhstan to gain maximum benefit from external assistance from UNDP, the United Nations development system and other donors, it would be highly desirable to strengthen the aid coordination and management functions of the Government. This could be done either through renewal of a strong focal-point system or a more coordinated institutional framework among the relevant governmental entities involved in development cooperation. Resumption of support to the capacity development of a strong focal point should be considered in future UNDP programming.

6. Agreed action. In future, UNDP will continue to support development cooperation that is valued by the Government in the transition to a market economy and democratic society. This should include a blend of advocacy, facilitation, coordination, capacity-building and selective direct support.

7. The Government intends to strengthen and streamline its aid management and coordination mechanisms and institutional arrangements, and anticipates that UNDP will renew its support to enhance performance.

II. THE COUNTRY COOPERATION FRAMEWORK

8. Conclusions. The Kazakhstan CCF defines three major thematic areas as the focus of the development cooperation supported by UNDP: (a) governance and economic management; (b) social development and poverty alleviation; and (c) environmental management and sustainable development. Gender mainstreaming and capacity-building were specifically identified by the Government and UNDP as cross-cutting elements to be integrated into all programme components.

9. Just as the changing situation within Kazakhstan has validated not only the continued but also the increased relevance and impact of UNDP support, the process of actual implementation of the CCF has demonstrated the appropriateness of its initial focus. Flexibility and initiative have been manifested within the agreed framework of the CCF, in response to specific requests, needs and opportunities for UNDP to demonstrate its comparative advantage. In addition, sub-programme activities are linked to increasing cost-shared projects, some with distinct institutional arrangements. Hence, the number of projects has been increased during the three years of the initial CCF to meet these needs and interests.

10. Recommendations. The UNDP country office, in close collaboration with the Government, should embark on a strategy to shift increasingly from a project-based approach within themes to well-defined cross-sectoral programmes. This would require the definition of concrete measurable medium-term programme objectives within the context of the long-term development strategy known as Kazakhstan 2030 and other priority development goals articulated by the Government.

11. Agreed action. The major recommendations of the country review will be extensively discussed with the Government of Kazakhstan and reflected in the new CCF. Most specifically, the new CCF will ensure that the programme approach is applied and UNDP programmes will increasingly be mainstreamed into government activities.

III. PROGRAMME PERFORMANCE

12. Conclusions. The current programme demonstrates a strategic and effective balance in the use of the limited human and financial resources of UNDP for upstream activities, including advocacy; strategic interventions to support the development of important national programmes; strengthening key civil society institutions; catalytic use of funds for resource mobilization; and discrete geographically based downstream activities.

13. In the governance and economic management segment of its programme, UNDP has played an instrumental role in the development of the Kazakhstan 2030 strategic plan, which gives prominence to sustainable human development (SHD) and good governance. UNDP in close collaboration with other partners has strengthened the capacities of the National Human Rights Commission. Simultaneously, UNDP is assisting the Commission in pushing forward the legislation to lay the legal ground for the creation of an independent ombudsman mechanism. UNDP has played a leadership advocacy role in the field of anti-corruption, which facilitated the establishment of a National Anti-Corruption Commission. This initiative has been highly visible, and involves risks, but the fact that the Commission has been created and an important national conference on corruption organized has been very much to UNDP's credit. The Anti-Corruption Commission initiative of UNDP has drawn the interest and tentative indication of financial support from bilateral donors as well as Transparency International. UNDP work with parliament, particularly in establishing the Legislative Drafting Centre, led directly to partnerships with the Government of the Netherlands, the United States Agency for International Development (USAID) and the American Bar Association. Assistance in strategizing accession to the World Trade Organization, as well as border transit facilitation, was carried out with UNCTAD and was highly regarded. With regard to foreign direct investment, UNDP has effectively assisted in strengthening national capacities to improve product and market development so that Kazakhstan's manufactured and processed products may find greater export markets.

14. In the social development and poverty area, UNDP support led to the formulation of an important national healthy lifestyle development strategy, and its implementation programme, addressing Kazakhstan's declining life expectancy. The programme has been signed by the Government with support now flowing under a multi-donor assistance programme for health promotion nationwide and in selected regions. UNDP has concentrated its support on the most vulnerable populations and geographical areas, namely the successful testing of models for the country's first microcredit schemes aimed particularly at women in the Semipalatinsk and Kzylorda regions, which are experiencing severe social stress due to ecological disasters. A highlight has been the role of UNDP in mobilizing attention and support to the social, economic, and ecological consequences of the complex disaster situation emerging in the Semipalatinsk area, whose population has been badly affected by the testing of over 500 nuclear explosions. This initiative led to the development of a comprehensive needs-assessment and rehabilitation plan, carried out by several United Nations agencies in collaboration with national specialists and submitted to the General Assembly in 1998 by the Secretary-General (see A/53/424). A donor conference, co-hosted by the Government of Japan and UNDP in September 1999, recorded

contributions of more than $20 million, or approximately half the target for the five-year action plan.

15. In the environment area, UNDP served in partnership with the World Bank and the European Union technical assistance to the Commonwealth of Independent States (TACIS) programme as a lead donor in assisting the Government in the formulation of the National Environmental Action Plan for Sustainable Development. UNDP has followed up with seed funding to establish the National Environmental Centre, which is being co-financed by the Government with a total commitment of over $3 million in cost-sharing to support the implementation of the Action Plan. In the Aral Sea programme, UNDP has developed broad partnerships with a wide range of United Nations and other organizations (e.g., the Global Environment Facility, and the United Nations Environment Programme) and has also created innovative partnerships and linkages with the private sector. This model has also been adapted to the Caspian region, where UNDP has led needs analysis leading to the identification of a series of projects that have appealed to multinational corporations and the international donor community. UNDP co-chairs with the regional governor biannual consultations on the Caspian Basin programme, which include multinational petroleum and natural gas corporations, along with embassies, the Bretton Woods institutions, and other stakeholders.

16. In the gender programme, UNDP has developed a wide network of effective partnerships with non-governmental organizations (NGOs), directly and through the mechanisms of the Gender-in-Development Bureau and the NGO Resource Centre. As the NGO community continues to grow in Kazakhstan, UNDP should be well positioned for other donors to enter into partnerships and cost-sharing arrangements with it in working through this NGO network. UNDP, in cooperation with Swedish partners, has contributed to the creation of a gender-information network for all regions of the country. UNDP support has been critical in the creation of a Gender Studies Centre, which now serves as a think-tank and source for consultants on gender issues in Kazakhstan.

17. Judgement about the sustainability of the results of UNDP cooperation is rendered difficult by the emphasis given to advocacy and strategic short-term interventions, the ultimate outcome of which cannot be immediately observed. In turn, in the quite understandable push to get things done in a new government and a new country office, the issue of the sustainability of those few institutions that have received UNDP support in each of the four thematic areas has not been given the attention it deserves. This is an issue for more careful and systematic attention in the next CCF.

18. The limited core funding put at the disposal of UNDP in Kazakhstan (approximately $4.5 million for the CCF period) has been catalytic in terms of resource mobilization. Approved non-core resources have grown from a total of only $45,000 before the current programme to over $5 million under the current CCF, with more than 20 cost-sharing agreements from third parties (including approximately $1 million from the private sector) and from the Government. Core resource delivery has been 90 per cent thus far under the CCF, and nearly 65 per cent for non-core resources. Thus, the use of resources by UNDP in Kazakhstan has been both highly efficient, in terms of delivery, and highly effective, in terms of results and impact of the ongoing country programmes.

19. The Government consistently cited UNDP for its efficiency, as well as for its responsiveness, flexibility, impartiality, and the quality of intellectual interchange it provides on development issues. UNDP has facilitated on a regular basis and has helped to coordinate periodic consultations on a range of important issues, often providing the stimulus (most often through its advocacy role) for action that has subsequently been followed up by other donors through cost-sharing or parallel financing. The success of the UNDP country office in making the Government and others aware of the various services it can provide, coupled with the development of a partnership of trust and respect, has led to an increasing demand for UNDP support far beyond the current resources available.

20. Recommendations. The mission recommends that, in designing the next programme, the existing balance between upstream and downstream interventions be continued, while building on the emerging opportunities for increased focus and consolidation of partnerships for downstream initiatives in the thematic areas of social development and poverty alleviation, and environment. At the same time, the mission notes that UNDP is well positioned to continue providing strategic support to the Government through advocacy and high-level advisor servicing on important and sometimes sensitive governance issues such as human rights and corruption prevention.

21. To increase the prospects for sustainability of key institution-building initiatives, such as those involving the National Environmental Centre, the Gender-in-Development Bureau, and the NGO Resource Centre, capacity-building coupled with clear exit strategies, should be planned and implemented with national counterparts. Other UNDP country offices could be consulted for best practices in this regard.

22. As part of the programming process for the new CCF, the Government of Kazakhstan and UNDP should develop a time-bound plan to build on existing national execution arrangements and anticipate both additional capacity-building and a phasing in of more national execution. The plan should include the shift of day-to-day management of UNDP assistance to the Government or implementing agencies appointed by the Government. As the country office moves more towards implementing an advance-payments mechanism under the national execution modality, the Project Support Unit will likely need strengthening and the ongoing initiatives to shift human resources within the office to address this issue should be continued.

23. The UNDP country office and UNDP headquarters should continue the dialogue with the Government on the feasibility, cost and the possible phased move of the core UNDP staff to Astana at some point in the future while retaining a significant share in the new United Nations common premises in Almaty.

24. Agreed action. It has been agreed with the Government that UNDP will continue focusing downstream interventions on addressing the consequences of the natural and man-made disasters in the selected geographical regions of Kazakhstan (Semipalatinsk, Aral Sea, Caspian Basin), raise public awareness of these issues in the international media and ensure support among the donor community.

25. Based on the experience of UNDP in other countries, UNDP and the Government will work jointly on the formulation of the exit strategy to ensure sustainability of key institution-building initiatives.

26. Management recommendations of the country review will be reflected in the country office strategic results framework (SRF) and the country office work plan for 2000. The ultimate goal of those efforts is to strengthen the capacity of the government agency responsible for aid coordination and of line ministries involved in the execution of UNDP and other donor-supported programmes.

IV. UNDP SUPPORT TO THE UNITED NATIONS

27. Conclusions. The United Nations country team in Kazakhstan is both relatively new and thin on the ground. Of the 14 United Nations offices in Almaty,[1] 11 are essentially one-person offices, and 3 have regional responsibilities outside Kazakhstan. Thus, while noting the increasing strength of UNESCO and UNICEF regional offices, the substantive capacity of most offices for effective participation in the common country assessment (CCA) and the United Nations Development Assistance Framework (UNDAF) exercises is limited, which is a significant constraint. Nevertheless, a collaborative inter-agency effort has been made, and both a CCA and a first draft UNDAF had been completed at the time of the review. The United Nations funding agencies in Kazakhstan have now harmonized at least the start dates for their next programmes, the year 2000, which means that the programming exercises will be under way at the same time.

28. The overall assistance of the United Nations system in Kazakhstan - in the context of such specific programmes as the national healthy lifestyle development strategy, the inter-agency assistance to the formulation of a long-term social strategy, and the inter-agency comprehensive needs assessment for rehabilitation of the Semipalatinsk nuclear environmental disaster - is correctly addressing the human development needs in the country.

29. Agreed action. In order to optimize the effectiveness and impact of the efforts and resources of each United Nations agency, the ongoing dialogue and coordination will be maintained. Within the framework of the UNDAF, the joint programming which has begun so effectively to enhance the impact and cost-effectiveness of the United Nations system will be expanded to address poverty, gender and other critical development challenges.

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[1] UNDP, UNESCO, UNHCR, UNIDO, UNICEF, ILO, UNDCP, UNFPA, WHO, World Bank, IMF, UNAIDS, United Nations Department of Public Information, UNV.

Annex

FINANCIAL SUMMARY

Country: Kazakhstan
CCF period: 1997-1999
Period covered by the country review: 1 January 1997-June 1999

REGULAR RESOURCES	Amount assigned for the CCF[a] (in thousands of US dollars)	Amount planned for the period under review (in thousands of US dollars)	Estimated expenditure for the period under review (in thousands of US dollars)
Estimated IPF carry-over	825	1 119	1 119
TRAC 1.1.1 and TRAC 1.1.2 (83.3% of TRAC 1.1.1)	1 043	782	668
TRAC 1.1.3	-	327	284
Other resources	1 912	1 434	1 240
SPPD/STS	150	164	83
Subtotal	3 930	3 826	3 394
OTHER RESOURCES	**Amount targeted for the CCF[a] (in thousands of US dollars)**	**Amount mobilized for the period under review (in thousands of US dollars)**	**Estimated expenditure for the period under review (in thousands of US dollars)**
Government cost-sharing	3 333	3 125	1 351
Third-party cost-sharing	3 333	1 100	1 100
Sustainable development funds	-		
GEF	-	564	564
Funds, trust funds and other			
Trust funds	-	284	284
PSI	-	125	125
Subtotal	6 666	5 198	3 425
GRAND TOTAL	10 596	9 024	6 819

[a] Prorated for the period under review.